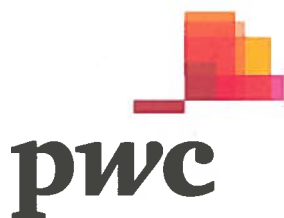


**COMPASSION SUISSE**  
**Yverdon-les-Bains**

***Report of the statutory auditors  
to the General Meeting  
on the financial statements 2014***





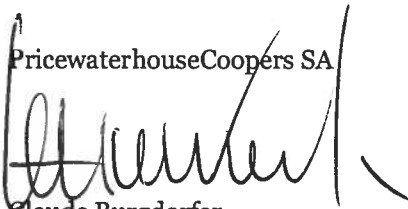
Report of the statutory auditors  
on the limited statutory examination  
to the General Meeting of  
COMPASSION SUISSE  
Yverdon-les-Bains

As statutory auditors, we have examined the financial statements of COMPASSION SUISSE, which comprise the balance sheet, statement of operations, statement of changes in capital and notes (pages 2 to 8), for the year ended 30 June 2014. As permitted by Swiss GAAP FER 21 the information in the performance report (pages 9 to 12) is not required to be subject to the statutory auditors' examination.

These financial statements in accordance with Swiss GAAP FER 21 are the responsibility of the Board. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of association personnel and analytical procedures as well as detailed tests of association documents as considered appropriate in the circumstances. However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER 21. Furthermore, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation. Further, we confirm that the Code d'honneur AES has been respected.

PricewaterhouseCoopers SA  
  
Claude Burgdorfer  
Audit expert  
Auditor in charge



Margaux Simon

Neuchâtel, 20 August 2014

Enclosure:

- Financial statements (balance sheet, statement of operations, statement of changes in capital and notes)

<b>BALANCE SHEET</b>	<i>Notes</i>	<b>30.06.2014</b>		<b>30.06.2013</b>	
<b>ASSETS</b>					
<b>Currents assets</b>					
Cash and cash equivalents	1	942 060	94%	1 032 675	91%
Receivables	2	5 582	1%	6 516	1%
Prepaid expenses		4 756	0%	18 459	2%
		<u>952 398</u>	95%	<u>1 057 650</u>	94%
<b>Non-current assets</b>					
Fixed assets	3	45 504	5%	70 009	6%
Financial assets		5 000	0%	5 000	0%
		<u>50 504</u>	5%	<u>75 009</u>	6%
<b>TOTAL ASSETS</b>		<b><u>1 002 902</u></b>	100%	<b><u>1 132 659</u></b>	100%
<b>LIABILITIES FUND AND CAPITAL</b>					
<b>Current liabilities</b>					
Other liabilities	4	371 441	37%	338 215	30%
Other related-party liabilities	4	210 334	21%	401 171	35%
Accrued liabilities	5	23 560	2%	15 774	1%
		<u>605 335</u>	60%	<u>755 160</u>	66%
<b>Restricted funds</b>	6	158 083	16%	136 888	12%
<b>Capital of the organisation</b>					
Free capital		11 407	1%	11 407	1%
Unrestricted capital		228 077	23%	229 204	21%
Surplus for the year		0	0%	0	0%
		<u>239 484</u>	24%	<u>240 611</u>	21%
<b>TOTAL LIABILITIES FUND AND CAPITAL</b>		<b><u>1 002 902</u></b>	100%	<b><u>1 132 659</u></b>	100%

STATEMENT OF OPERATIONS	30.06.2014		30.06.2013		
<b>Restricted income</b>					
Sponsorship		2 395 791	54%	2 272 223	54%
Donations		883 659	20%	561 659	13%
		<b>3 279 450</b>	74%	<b>2 833 882</b>	67%
<b>Unrestricted income</b>					
Sponsorship		598 785	13%	568 056	14%
Donations		574 492	13%	807 709	19%
Other income		3 739	0%	5 858	0%
		<b>1 177 016</b>	26%	<b>1 381 623</b>	33%
<b>Total income</b>		<b>4 456 466</b>	100%	<b>4 215 505</b>	100%
<b>Direct program expenses</b>					
Child developpement expenses & grants		(2 040 904)	46%	(1 931 084)	47%
Funds related expenses		(1 170 619)	26%	(999 208)	24%
Sponsor-Child relation expenses	7	(394 596)	9%	(365 246)	9%
		<b>(3 606 119)</b>	81%	<b>(3 295 538)</b>	80%
<b>Administrative expenditure</b>					
Administrative cost	7	(420 583)	10%	(396 554)	10%
Fundraising cost	7	(416 807)	9%	(428 238)	10%
		<b>(837 390)</b>	19%	<b>(824 792)</b>	20%
<b>Total expenses</b>		<b>(4 443 509)</b>	100%	<b>(4 120 330)</b>	100%
<b>Operating result</b>		<b>12 957</b>		<b>95 175</b>	
Financial expense		(6 165)		(6 642)	
Financial income		13 276		8 996	
<b>Financial result</b>		<b>7 111</b>		<b>2 354</b>	
<b>Operating surplus</b>		<b>20 068</b>		<b>97 529</b>	
Allocation		(3 279 450)		(2 833 882)	
Use		3 606 119		3 295 538	
<b>Funds result</b>	8	<b>326 669</b>		<b>461 656</b>	
<b>NET SURPLUS FOR THE YEAR PRIOR TO ALLOCATIONS</b>		<b>346 737</b>		<b>559 185</b>	
Allocation to the unrestricted funds		1 127		(98 701)	
Allocation to restricted funds	9	(347 864)		(460 484)	
<b>NET SURPLUS FOR THE YEAR</b>		<b>0</b>		<b>0</b>	

**STATEMENT OF CHANGES IN CAPITAL (IN SWISS FRANCS)**

	30.06.2013			Transfert (note 9)		30.06.2014		Variation
	Allocation	Use						
<b>Restricted funds</b>								
Sponsorship	0	2 395 791	(2 435 500)	39 709	0	0	0	0
	0	<b>2 395 791</b>	<b>(2 435 500)</b>	<b>39 709</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Medical fund	0	5 140	(92 670)	87 530	0	0	0	0
Vocational fund	0	7 788	(32 004)	24 216	0	0	0	0
Direct children gifts fund	10 636	294 040	(300 247)	0	4 429	4 429	(6 207)	2 554
Disaster relief fund	73 175	162 554	(160 000)	0	75 729	75 729	1 756	31 819
Bibles fund	19 935	1 866	(110)	0	21 691	21 691	0	0
Christmas gift fund	23 855	130 418	(98 599)	0	55 674	55 674	0	0
Local program fund	0	0	(46 859)	46 859	0	0	0	0
AIDS fund	9 177	6 790	(30 000)	14 033	0	0	0	(9 177)
Water fund	0	145 005	(214 538)	69 533	0	0	0	0
Leadership development fund	0	31 648	(44 682)	13 034	0	0	0	0
Child survival fund	110	60 451	(102 910)	42 349	0	0	0	(110)
Most vulnerable children fund	0	560	0	0	560	560	560	560
Unsponsored children fund	0	37 399	(48 000)	10 601	0	0	0	0
	<b>136 888</b>	<b>883 659</b>	<b>(1 170 619)</b>	<b>308 155</b>	<b>158 083</b>	<b>158 083</b>	<b>21 195</b>	<b>21 195</b>
<b>Total restricted fund</b>	<b>136 888</b>	<b>3 279 450</b>	<b>(3 606 119)</b>	<b>347 864</b>	<b>158 083</b>	<b>158 083</b>	<b>21 195</b>	<b>0</b>
<b>Capital of the organisation</b>								
Free capital	11 407	0	0	0	11 407	11 407	0	0
Unrestricted capital	229 204	0	0	(1 127)	228 077	228 077	(1 127)	0
Surplus for the year		346 737		(346 737)	0	0	0	0
<b>Total capital of the organisation</b>	<b>240 611</b>	<b>346 737</b>	<b>0</b>	<b>(347 864)</b>	<b>239 484</b>	<b>239 484</b>	<b>(1 127)</b>	<b>(1 127)</b>

## NOTES

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### Principles underlying the establishment and valuation of the accounts

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#### *A) Basis for presentation of the financial statements*

The financial statements of Compassion Suisse were presented on 30 June 2014 in accordance with the accounting and reporting recommendations Swiss GAAP RPC (and in particular with the Swiss GAAP RPC 21) applicable to charitable non-profit organisations. The results presented reflect a true & fair view of the financial position and the result of operations.

In accordance with Swiss GAAP RPC 21, the financial statements comprise the following:

- Balance sheet
- Statement of operations
- Statement of changes in capital
- Notes
- Performance report

Due to its size, the association does not publish a cash flow statement, in accordance with Swiss GAAP RPC 21, section 27.

#### *B) Valuation principles*

The financial statements are prepared based on the acquisition-cost or historical-cost principle and are presented in Swiss francs. The accounting periods are defined on an accrual basis, with income and expenses adjusted to the accounting period.

#### *C) Foreign currency translation*

Compassion maintains its accounting records in Swiss francs. The conversion of positions recorded in foreign currencies is performed using the current rate method. All assets and liabilities are converted at the exchange rate at the balance sheet date. Transactions in foreign currencies are converted at the exchange rate on the day of the transaction. The effects of the changes in foreign currencies are to be recognised in the result of the period.

#### *D) Fund accounting method*

Compassion Suisse uses the fund accounting method. The primary purpose of this method is to document that the restricted funds received are in fact used according to the wishes of each donor.

Donations received and allocated to sponsorship or to one of the special funds are recorded as income of the relevant fund during the year in which they are received. Donations that are not destined for a specific purpose are allocated to the association's unrestricted funds.

#### *E) Cash (and equivalents) and other short-term assets*

Cash (and equivalents) and other short-term assets are valued at actual value.

#### *F) Fixed assets*

Fixed assets are recognised in the balance sheet at acquisition cost less necessary depreciation calculated using the straight-line method over the following useful lives:

- Vehicles and office furnishings: 5 years
- IT equipment: 3 years

#### *G) Financial assets*

Financial assets are valued at acquisition cost, less impairment, if any.

#### *H) Short-term liabilities*

Short-term liabilities are valued at actual value.

**NOTES***I) Recording and allocation of income*

The accounting method used by Compassion Suisse is based on the income collected. Income from sponsorship fundraising is recorded when received and is used to offset the expenses arising from the sponsorship of children. Eighty percent of the amounts received are restricted to the sponsorship fund, which is entirely devoted to the children. The remaining amounts are used to cover administrative costs and the recruitment of new sponsors in accordance with the information given to donors when they commit to sponsorship.

All other income is divided among the allocated funds or remains unrestricted depending on the wishes of each donor. Donation pledges are not considered as income.

*J) Administrative costs and fundraising*

The administrative costs consist of the costs generated by the Compassion Suisse office in Yverdon.

These costs include general expenses (human resources, operating expenses, IT and accounting expenses) as well as those related to advertising and fundraising.

*K) Taxes*

Compassion Suisse is a charitable non-profit organisation recognised by the Canton of Vaud (decision of 24 May 2004). It is exempt from direct taxes on income and capital, as well as inheritance and donation taxes. The decision of the Canton of Vaud has been recognised by all Swiss cantons.

*L) Statement of changes in capital*

The statement shows the changes in the restricted funds and the available capital according to their allocation and use during the financial year in question. The restricted funds consist of the proceeds restricted for sponsorships and the other programmes of Compassion Suisse. These funds are used in accordance with the wishes of each donor. The organisation's capital is composed of the free capital generated by the income of previous financial years, as well as the funds at the organisation's free disposal.

## Explanations relating to the balance sheet (in Swiss francs)

	<u>30.06.2014</u>	<u>30.06.2013</u>
<i>1) Cash and cash equivalents</i>		
Cash	646	1 888
Postal account	98 101	72 950
Bank accounts	843 313	957 837
	<b>942 060</b>	<b>1 032 675</b>

	<u>30.06.2014</u>	<u>30.06.2013</u>
<i>2) Receivables</i>		
Withholding tax	3 639	5 146
Online (credit card) payments	1 943	1 369
	<b>5 582</b>	<b>6 515</b>

*3) Fixed assets*

	IT	Furnishings	Vehicles	Total
Gross values at 30 June 2013	53 268	97 197	81 200	231 665
Investments	8 163	4 452	0	12 615
Disposals	0	0	( 12 501)	( 12 501)
Gross values at 30 June 2014	<u>61 431</u>	<u>101 649</u>	<u>68 699</u>	<u>231 779</u>
Cum. depreciation at 30 June 2013	( 36 909)	( 64 127)	( 60 620)	( 161 656)
Depreciation	( 9 336)	( 19 525)	( 8 259)	( 37 120)
Depreciation disposal	0	0	12 501	12 501
Cum. depreciation at 30 June 2014	<u>( 46 245)</u>	<u>( 83 652)</u>	<u>( 56 378)</u>	<u>( 186 275)</u>
<b>Net values at 30 June 2013</b>	<b>16 359</b>	<b>33 070</b>	<b>20 580</b>	<b>70 009</b>
<b>Net values at 30 June 2014</b>	<b>15 186</b>	<b>17 997</b>	<b>12 321</b>	<b>45 504</b>

The fire insurance policy covers assets amounting to CHF 243 200

**NOTES**

<b>4) Other liabilities</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
Trade payables	23 242	19 564
Sponsorships received in advance	348 199	318 021
Others	0	630
	<b>371 441</b>	<b>338 215</b>
<b>5) Other related-party liabilities</b>		
Sponsorships and funds to be paid to Compassion International	210 334	401 171

The total amount of transactions with Compassion International for sponsorship, funds and other administrative services comes to: 3 178 891 2 992 066

**6) Restricted funds**

The changes in the restricted funds are derived from the "Fund result" section of the operating account. The statement of changes in capital, on page 4, gives the details of the changes recorded during the 2013/2014 financial year.

**Explanations relating to the statement of operations (in Swiss francs)****7) Program support, administrative and fundraising costs**

<b>2013/2014</b>	Program support costs	Administrative costs	Fundraising costs	Total
Personnel expenses	227 756	315 432	207 151	750 339
Travel expenses	1 274	7 242	14 895	23 411
Administrative expenses	34 797	47 392	20 704	102 893
Maintenance expenses	16 452	20 991	9 539	46 982
Communication with donors	19 698	2 932	0	22 630
Fundraising campaign expenses	0	0	135 156	135 156
Depreciation	10 651	15 006	11 164	36 821
Rental expenses	21 544	11 588	18 198	51 330
Other expenses	62 424	0	0	62 424
<b>Total</b>	<b>394 596</b>	<b>420 583</b>	<b>416 807</b>	<b>1 231 986</b>
	32%	34%	34%	100%

<b>2012/2013</b>	Program support costs	Administrative costs	Fundraising costs	Total
Personnel expenses	216 331	279 236	139 173	634 740
Travel expenses	4 996	21 721	15 577	42 294
Administrative expenses	38 886	49 407	11 122	99 415
Maintenance expenses	2 330	16 426	8 963	27 719
Communication with donors	12 683	0	0	12 683
Fundraising campaign expenses	0	0	227 688	227 688
Depreciation	10 673	17 754	11 915	40 342
Rental expenses	22 237	12 010	13 800	48 047
Other expenses	57 110	0	0	57 110
<b>Total</b>	<b>365 246</b>	<b>396 554</b>	<b>428 238</b>	<b>1 190 038</b>
	31%	33%	36%	100%

**8) Fund result**

Fund result is calculated as the difference between the donations received throughout the year for sponsorship and other programmes and the expenses incurred in the field for the benefit of children.



**NOTES****Explanations relating to the statement of changes in capital****9) Transfer**

During the financial year, Compassion Suisse transferred an amount of CHF 347'863 from its unrestricted fund to its restricted fund.

**Other items to publish****10) Remuneration of the members of the Association Committee**

The members of the Association Committee carry out their functions on a voluntary basis and do not receive any salary or compensation.

**11) Services received free of charge**

Volunteers translate the letters exchanged between sponsors and sponsored children in order to facilitate correspondence between those who do not speak the same language.

**Voluntary translation of letters**

	Number of volunteers	Letters translated	Hourly equivalent	Hourly rate (incl. social security charges)	Monetary expression (CHF)
2012-2013	115	5 379	1 345	30	40 343
2013-2014	77	5 771	1 443	30	43 283

**Voluntary assistance in the offices for the translation of letters**

	Number of volunteers	Total hours	Hourly rate (incl. social security charges)	Monetary expression (CHF)
2012-2013	2	226	30	6 780
2013-2014	3	419	30	12 570

**Total services received (in Swiss francs):**

2012-2013	47 123
2013-2014	55 853

**12) Total services received (in Swiss francs):**

As part of their duties, certain staff have access to a vehicle. They may use the vehicle in a private capacity and this service is not rebilled to them by the association.

Private use of vehicles belonging to the association (9.6% of the original value)	
Philippe Mermod	3 360

**13) Notice that the Association Committee has carried out a risk assessment**

The Association Committee has undertaken a risk analysis as defined in Art. 663b(12) of the Code of Obligations. This analysis is carried out every three years. Necessary measures and follow-up are handled by the Committee as part of their ordinary meetings.

**PERFORMANCE RAPPORT**

unaudited by PwC

**Purpose of the organisation**

The association has the following goals:

- To help children in developing countries through sponsorship.
- To fund disaster recovery, development program in education, health, vocational training or other aid program towards children.
- To edit, publish, produce and show multimedia content or any current mean of communication helping spread the Gospel to the children.
- To present the needs of children suffering from poverty to the general public.

**Governing bodies, trustees and terms of office**

## a) General assemblée

The general assemblée is composed of each board member.

## b) Board of Trustees

<b>Name</b>	<b>Positions</b>	<b>Signature</b>
Bussy Jean-François	chairman	Individual
Mermod Philippe	secretary	Individual
Balsiger Laurent	treasurer	
Prudente Adrienne	member	
Willi Christian	member	
Wulliamoz Jean-Luc	member	

## c) Statutory auditors

PricewaterhouseCoopers SA, Neuchâtel

**Individuals responsible for the management of the operations**

<b>Name</b>	<b>Positions</b>
Mermod Philippe	Chief Excecutive Officer
Rochat Carole	Sponsorship Director
Wulliamoz David	Chief Operation Officer

**Average employee full time equivalent**

2012-2013	6.4
2013-2014	7.9

**Connections to related parties**

Compassion Suisse uses Compassion International as its agent to deliver program to the beneficiaries. Direction and control is regulated through an agency agreement. There is frequent interactions at all levels (CEO, Directors, managers) between Compassion Suisse and Compassion International that enable us to enforce this agreement. Since 2009 our board chair, Jean-François Bussy, is a member of the board of director of Compassion International.

**Objectives and the services rendered**

Compassion International's objective is to help those in impoverished areas using a holistic three-phase approach. This approach goes beyond providing food and medical aid and also involves education and training to prepare the individuals for contributing back to their community.

**Child Survival Program**

The first stage of Compassion's model is their Child Survival Program. This program provides prenatal care, nutrition, health care, infant survival training, spiritual guidance and education, and support through the local church for mothers of at-risk infants.

On June 30th 2014, Compassion Suisse is funding 6 Child Survival Project (3 in Haiti, 2 in Ecuador, 1 in Bolivia). Historically CSP are mainly funded by unrestricted fund. But over the years and especially this financial year, we were able to increase the fundraising specifically for the CSP fund.

	<u>30.06.2014</u>	<u>30.06.2013</u>
Number of CSP funded	6	5
Total CSP expenses	102 910	92 145
Unrestricted fund used	42 349	61 900

**Child Sponsorship Program**

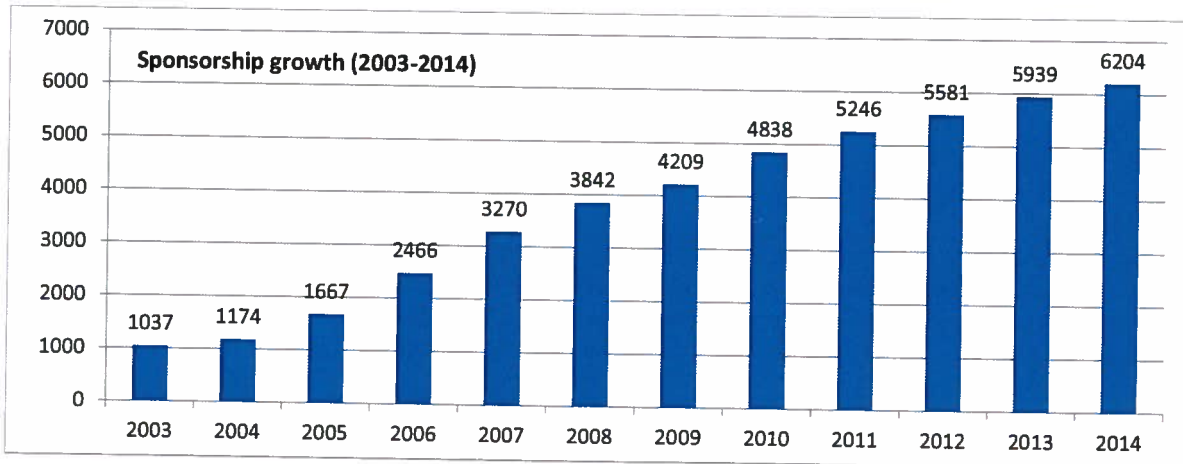
The second stage is sponsorship of children. Children in the program are provided food and clean water, medical care, education, life-skills training, and spiritual guidance through a direct sponsorship. Sponsored children are selected by the sponsors and two-way communication is encouraged between the sponsored child and the sponsor.

Despite our investement for growing the number of sponsors in the Swiss-German part of the country, the sponsorship growth was slower than the last financial year.

On June 30th 2014, 6 204 children were sponsored by Compassion Suisse constituents. (5 939 children on June 30th 2013)

Ratios regarding sponsorship

Sponsorship growth	4%	6%
Sponsorship collection rate	97%	97%
Program ratio (sponsorship money used for program / sponsorship money received)	81%	80%
Sponsorship correspondance rate	66%	67%



**PERFORMANCE RAPPORT**

unaudited by PwC

<u>Figures regarding Swiss-German investement</u>	<u>30.06.2014</u>	<u>30.06.2013</u>
Number of sponsorship CH-FR	4 338	4 290
Number of sponsorship CH-DE	1 796	1 599
Sponsorship aquisition CH-FR	290	419
Sponsorship aquisition CH-DE	289	269
Direct Marketing expenses CH-FR	64 125	123 208
Direct Marketing expenses CH-DE	34 187	86 925
FTE dedicated to CH-DE Communication/Fundraising	1	0

Other fundraising activities related to sponsorship

On top of the sponsorship, sponsors can give direct gifts (birthday,child, family), participate to the Christmas fund gift campain or the unsponsored children fund.

<u>Fund raised</u>	<u>30.06.2014</u>	<u>30.06.2013</u>
Christmas gift fund	130 418	80 378
Direct children gifts	294 040	286 923
Un-sponsored children fund	37 399	47 732

**Leadership Development Program**

In the final stage of Compassion's approach is the Leadership Development program. This program is available to graduates of the Child Sponsorship program and provides leadership related training from various sources. This program ensures that poverty is not a roadblock for tomorrow's leaders to reach their full potential.

The Leadership program is an expensive program. Therefore we try to help swiss sponsors that have their sponsorship child graduating to LDP to fund (with unrestricted contributions) these commitments. This LDP program, will go through majors changes in the next financial years to be able to train more graduates and lower the cost of the program.

	<u>30.06.2014</u>	<u>30.06.2013</u>
Number of LDP children sponsored	15	12
Total LDP expenses	44 682	41 220
Unrestricted fund used	13 034	5 966

**Complementary Interventions**

Compassion's Complementary Interventions (CIV) activities address a wide range of challenges to support the 3 core programs.

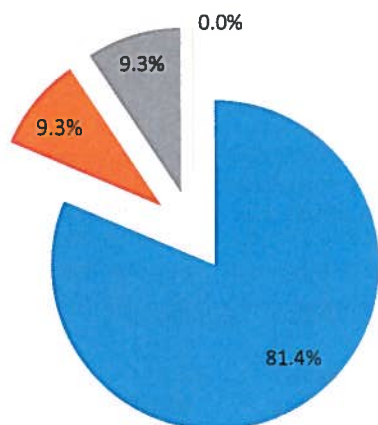
Compassion Suisse participate to CIV's in two different ways. Contributing money to specific funds used by the field accordingly or chosing and funding a proposal based CIV's (prepared by the field).

<u>Fund usage</u>	<u>30.06.2014</u>	<u>30.06.2013</u>
Medical reimbursable fund	92 670	79 540
Disaster relief	160 000	0
AIDS fund	30 000	0
Most Vulnerable Children fund	0	65 000
<u>Proposals funded</u>		
Water fund	214 538	124 611
Medical fund	0	93 804
Professional fund	32 004	30 738

Overall figure

Compassion Suisse watch carefully the amount of administrative and fundraising overhead to maximize program service to its beneficiaries.

	<u>30.06.2014</u>	<u>30.06.2013</u>
<i>Program expenses</i>	3 606 119	3 295 538
<i>Change in restricted net assets</i>	21 195	( 1 172)
Total expenses related to program fund	3 627 314 81.4%	3 294 366 78.1%
<i>Administrative overhead</i>	420 583	396 554
<i>Net financial expenses</i>	( 7 111)	( 2 355)
Total administratives overhead	413 472 9.3%	394 199 9.4%
Fundraising overhead	416 807 9.4%	428 238 10.2%
Change in unrestricted fund	( 1 127) 0.0%	98 701 2.3%
<b>Income Total's</b>	<b>4 456 466 100.00%</b>	<b>4 215 504 100%</b>



Income split for fiscal year 2013-2014

- Total expenses related to program fund
- Total administratives overhead
- Fundraising overhead
- Change in unrestricted fund